



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 6/20/2002

GAIN Report #CA2076

Canada

Agricultural Situation

This Week in Canadian Agriculture, Issue 21 2002

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Report Highlights:

"What's New, Eh?" * Canada Announces C\$5.2 Billion for Agriculture * Beef Exporters Want less Reliance on U.S. Market * Vegetable Area Lower * Rain Brightens Western Canada's Crop Outlook * Ontario and Michigan Sign MOU on Trade, Transportation and Border Security * Canadians Have less Money than Americans to Eat Out * McDonald's Launches Light Menu Unique to Canada

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1], CA

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives. Substantive issues and developments are generally also reported in detail in separate reports from this office.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CANADA ANNOUNCES C\$5.2 BILLION FOR AGRICULTURE: According to an Government of Canada June 20 news release, Prime Minister Jean Chrétien and Agriculture and Agri-Food Minister Lyle Vancilief announced C\$5.2 billion in new investments in agriculture over the next six years. With full participation of the provinces, the total package announced today is worth C\$8.18 billion in new investment for the Canadian agriculture and agri-food industry. The new investment includes C\$3.4 billion in federal funding to implement the Agricultural Policy Framework (APF), the federal-provincial-territorial initiative being developed with the industry to help the Canadian sector better respond to increasing consumer demands and global competition. Provincial cost-sharing will increase the framework's funding. Consultations with stakeholders on the details of the APF are taking place across the country and federal, provincial and territorial ministers of agriculture expect to formalize their support for the framework when they meet in Halifax next week. The Government of Canada will also invest \$1.2 billion over the next two years as part of a cost-shared package with provinces to help farmers deal with challenges like drought and to help them bridge to a new generation of more effective risk management programs. With provincial cost-sharing included, C\$1 billion will be available in each of the next two years. This new investment is in addition to existing income support. For more information, see <http://www.agr.gc.ca/cb/news/2002/n20620ae.html>

BEEF EXPORTERS WANT LESS RELIANCE ON U.S. MARKET: According to *Agri-week*, the Canadian Beef Export Federation (CBEF), mounting an all-out effort to increase beef exports to Japan, South Korea, Taiwan and Mexico, as a hedge against perceived negative repercussions of U.S. country-of-origin labeling rules that become mandatory in September 2003. The CBEF's objective is to cut exports to the U.S. from 73% currently to 50%, which will require at least doubling exports to Asia and Mexico. A second strategy is to increase beef exports to the U.S. institutional trade, where origin labeling is less important. The article claims that many in the U.S. meat trade consider the origin rules as unworkable and are lobbying for a delay or suspension of the mandatory rule.

VEGETABLE AREA LOWER: According to Statistics Canada's Fruit and Vegetable Survey, planting intentions for vegetables in 2002 are 275,000 acres, 4% less than the 287,000 acres harvested in 2001. The drop is primarily a result of the expected decline in sweet corn acreage. Sweet corn, peas, carrots, beans and field tomatoes are the most widely grown vegetables in the country, accounting for 61% of the total area under cultivation. In 2002, farmers intend to cultivate almost 228,000 acres for fruit production. While acreage for blueberries and apples declined from 2001, these fruit crops continue to be the most cultivated in Canada. Blueberries

and apples represent almost 68% of the total fruit area Canadian farmers intend to cultivate.

RAIN BRIGHTENS WESTERN CANADA'S CROP OUTLOOK: In its weekly crop report, *Agriweek* reported that moisture conditions improved substantially last week in most parts of the prairie grain belt. The area of all three provinces along the U.S. border and all of eastern Manitoba now have adequate moisture for the time being. Northwestern Alberta also has good conditions. Precipitation was more spotty in central Alberta and Saskatchewan and many districts are still in a severe drought situation. Some late seeding of oats and early canola as well as reseeding of fields damaged by wind erosion was still being done last week, however for practical purposes seeding has been completed. Crops planted now face a high risk of frost damage in the fall. Overall crop conditions in the west can still be considered only fair. Temperatures were more normal last week, but very cool weather earlier in the spring retarded crop development. The last soybeans were being planted in southern Ontario last week, with corn mostly emerged. The major problem in Ontario is low heat unit accumulation because of an unseasonably cool spring. However winter wheat and spring cereals are doing very well. There are no reports of major fusarium infestations in wheat despite cool, damp weather which favors the disease.

ONTARIO AND MICHIGAN SIGN MOU ON TRADE, TRANSPORTATION AND BORDER SECURITY: Last week, Ontario Premier Ernie Eves and Michigan Governor John Engler signed a memorandum of understanding (MOU) that calls for close co-operation between the two jurisdictions in trade, tourism, transportation and border security. The memorandum came at the conclusion of the two-day Michigan-Ontario Economic Summit held in Windsor, Ontario and in Detroit. Ontario and Michigan are each other's largest trading partner and have one of the top15 trading partnerships in the world. The MOU means the two jurisdictions will collaborate more closely in the tourism sector to help create jobs. They will also co-operate on border security, develop trade partnerships and continue working to preserve their shared environmental and natural resources. Michigan agricultural exports to Canada exceeded more than \$312 million during 2001, most of which was sold into Ontario. For a copy of the Ontario/Michigan MOU, go to:
http://www.premier.gov.on.ca/english/news/Michigan061402_bd1.htm

CANADIANS HAVE LESS MONEY THAN AMERICANS TO EAT OUT: According to the Canadian Restaurant and Foodservices Association (CRFA) , a growing gap in disposable income means Canadian households have less money to spend on food away from home than Americans do. The average Canadian household spends \$C1,298 on meals and snacks from foodservice (according to Statistics Canada), compared to \$C2,575 in the United States (Bureau of Labor Statistics). The Association is calling for greater tax cuts to stimulate Canadian income and employment growth to close the gap between the two countries. According to CRFA, tax cuts would raise the standard of living in Canada, increase foodservice sales and generate jobs and investment as Canadians spend more dollars on eating out.

MCDONALD'S LAUNCHES LIGHT MENU UNIQUE TO CANADA: McDonald's Restaurants of Canada Limited launched their all-new Lighter Choices(TM) Menu. "The introduction of the Lighter Choices(TM) Menu category is an incredibly exciting initiative for us. This is a uniquely Canadian introduction. We are very pleased to be able to offer this new

category of products to our customers who will now have a better selection when they come to our restaurants," said Barbara-Ann Thompson, Director of Marketing, McDonald's Restaurants of Canada Limited. Some of the new items of The Lighter Choices(TM) Menu, include: the McVeggie Burger(TM), the Whole Wheat Chicken McGrill(TM), the Fruit 'n Yogurt Parfait(TM), and the various new salads. McDonald's Restaurants of Canada Limited and its Canadian franchisees own and operate more than 1,250 restaurants and employ more than 77,000 Canadians coast to coast. Over 70 per cent of McDonald's Canadian restaurants are locally owned and operated by independent entrepreneurs.

Did You Know... that in 2000, it was estimated that there were 100,000 bison on about 1,400 farms in Canada. Bison production is primarily concentrated in western Canada at 85%. (Source: Agriculture and Agri-Food Canada)

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA2074	This Week in Canadian Agriculture, Issue 20	6/14/2002

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